

Victorian Co-operative News

Bulletin of the Co-operative Federation of Victoria Ltd

V o l u m e

3

Issue

3

Bi-partisan support for Co-operatives bill

A new co-operatives act will be law next year following the passage of the Co-operatives bill through the Victorian parliament.

The bill was introduced by the Minister for Fair Trading, Mrs Jan Wade on 31 October.

The Co-operative Federation of Victoria has achieved bi-partisan support for the new act.

Speakers from both sides of the parliament highlighted the benefits of co-operatives to the economy and the community.

Mrs Wade said "Current thinking in public policy leads me to the

belief that at a number of levels there is considerable reappraisal occurring regarding the types of ideas which this country needs to pursue to be successful in an increasing competitive world environment. One response to these needs can occur through the further development, strengthening and expansion of the co-operative sector.

"I believe that the bill heralds a the beginning of a new stage of growth and development in the co-operative sector built on the solid foundation provided by the 1981 Act," the Minister said.

Labor spokesperson on consumer affairs, John Pandazopoulos, said, "The ALP has always had a belief in the benefits of co-operatives. The opposition is satisfied that the bill provides a strong foundation for the spreading of the principles and values of co-operation."

The Minister acknowledged the help of the Federation in drafting the bill and congratulated the co-operative movement for its assistance and patience.

"Co-operatives have been waiting for this legislation for a very a long time," Mrs Wade said. □

PAGE 2 What happens next

Historic agreement paves way for national co-ops

HISTORY was made in October when the states and territories agreed to substantially adopt the Victorian Co-operatives bill as a basis for a state based but nationally consistent co-operatives legislative scheme.

The agreement clears the way for the Australian Government to amend the Corporations Law to allow co-operatives to fully operate under state and territory legislation.

Co-operatives are currently subject to the Corporations Law when operating across state and territory borders.

The disclosure requirements of the Law are considered inappropriate and prohibitively expensive in view of the nature and structure of co-operatives.

Another major impediment to the operation of co-operatives nationally is that each state and territory has differing legislation governing the sector. Most of the current state acts do not provide for the recognition of interstate co-operatives, or allow for the merger of co-operatives across state borders.

Core consistent provisions have been identified, and the states and

territories have agreed that these provisions will replace existing provisions in their legislation. It is expected that the new laws will be in place in most states and territories by 1 July, 1997.

The Victorian Minister for Fair Trading, Mrs Jan Wade, told state parliament that the legislation is a significant milestone in Australian corporate law. "It is one of the most comprehensive and thorough attempts yet to provide a modern legislative framework for the operation, regulation and development of co-operatives in this state and Australia wide." □

inside...

Credit co-ops take the initiative on bank closures
Annual General Meeting Report
Senate rejects repeal of tax concession for co-ops

page 2
page 2
page 3

New Co-ops Act - what happens next

NOW that the Co-operatives bill has passed through the parliament, the Office of Fair Trading will prepare the regulations that will accompany the new act. The Federation has been invited to comment on the regulations.

The Federation has also been invited by the Office of Business Affairs to attend a workshop on the administration of the new act.

A priority of the Federation over the coming months is to prepare an information program for members on the requirements of the new act. The Federation will also be investigating the best method of assisting members in

Annual General Meeting Report

THE Co-operative Federation of Victoria Ltd held its 1996 annual general meeting on 17 October, 1996. The meeting was attended by 21 delegates and guests.

The Chairperson, John Gill, highlighted the main achievements of the Federation over the 1995/96 year:

- assisted the Office of Fair Trading draft a new co-operatives act;
- prepared submissions commenting on drafts of the proposed new act;
- organised two seminars, for community and agricultural co-ops;
- produced a brochure, *Introducing co-operatives*;
- organised an advertising feature on co-operatives in *The Weekly Times*;
- released two discussion papers on co-operative opportunities arising from electricity and local government restructuring;
- sold \$6,000 worth of books from

the UK Plunkett Foundation;

- admitted 12 new members;
- provided advice to 27 members.

The directors* for the forthcoming year are:

Mr Ken Chester

Consolidated HI Services Co-operative

Mr John Gill

Victorian Producers' Co-operative Co

Mr David Griffiths

Co-operative Energy

Mr Bernie Harford

Genetics Australia Co-operative

Mr Vern Hughes

Sth Kingsville Health Services Co-op

Mr Geoff Johnston

Eastern Suburbs Rental Housing Co-op

Mr Dan McMullan

Bonlac Foods Limited

Mrs Valerie Ogier

MAV Co-operative Purchasing Scheme

* 2 vacancies exist on the board.

Nominations for the vacancies are

Credit co-ops take the initiative on bank closures

CREDIT Union Services Corporation (Australia) Limited (CUSCAL), the peak body for some 250 of Australia's 300 credit co-ops, has entered into a unique joint venture called CreditCare with a number of Commonwealth Departments and the NSW Government, to assist rural and remote communities regain access to retail financial services.

The recent adverse publicity over the closure of bank branches in rural areas brought into sharp focus a problem that began to emerge at the end of 1994.

At that time, the Commonwealth Department of Social Security began to receive a growing number of complaints from customers experiencing difficulty cashing Social Security payments.

Apart from the personal inconvenience, the continuing

withdrawal of financial services from small towns were having a negative effect on business and community confidence.

In addition, there are many Aboriginal and Torres Straight Islander communities that never had, and are unlikely to ever have, convenient access to financial services.

CreditCare, which started on 1 July, 1995, is a two year project jointly funded the Departments of Social Security, Primary Industry and Energy, Transport & Regional Development, Employment Education, Training and Youth Affairs, and the NSW Government and managed by CUSCAL.

CreditCare uses field officers to advise rural communities of the ways in which they can develop their own co-operative financial service.

Research by CreditCare found that there were more than 600 no-bank towns in Australia. CreditCare approached the local government covering those towns to assist in the venture.

CreditCare's first success came in March 1996 when the Electricity Credit Union opened a branch in the offices of the Ethridge Shire Council in Georgetown, in far north Queensland. The branch now services a network of agencies in the three other towns within that Shire.

To date, CreditCare has assisted with the establishment of Credit Union facilities in 15 communities and Credit Unions, of their own initiative have commenced operation in another six towns.

For further information contact CreditCare on (03) 9286 4444. □

Senate rejects repeal of tax concession for co-operatives

IN a great victory for the co-operative movement, the Senate on 12 December rejected a federal budget measure to repeal section 120(1)(c) of the *Income Tax Assessment Act 1936*.

Section 120(1)(c) allows co-operatives who comply with section 117(1)(b) of the Act an allowable deduction for repayments of loan principal back to Government agencies.

Following a submission by the Co-operatives Council of Australia to the Senate Economics Legislative Committee Inquiry into Taxation Laws Amendment Bill (No 3), the Greens, Opposition, Democrats, and Senator Harridane voted to defeat the budget measure.

The repeal of s120(1)(c) would have effectively taken away a tax concession for co-operatives which

has been in place for over 60 years. Previous governments have recognised the need to allow co-operatives an alternative access to development funds because of their structures which limits their ability to raise capital for development purposes.

The concession has enabled many co-operatives to undertake major plant expansions and to support infrastructure projects including transport, water storage and power generation.

The Howard Government did not consult co-operatives or the industries in which they participate before introducing the budget measure.

The Co-operative Federation of Queensland played a pivotal role in the defeat of the measure, by leading the Co-operatives Council of Australia's delegation to the Senate

Parnell book popular

THE Federation has sold over 150 copies of the book *Reinventing the Co-operative* since it was first published by the Plunkett Foundation in 1995. Most of the orders have come from interstate with some overseas sales.

The book provides directors and management of co-operatives with practicable strategies to improve the performance of their enterprise.

Members of the Federation receive 10%

Reinventing the Co-operative

Enterprises for the twenty first century

by
Edgar Parnell
Director, Plunkett Foundation

an essential guide for the co-operative of the future

Reinventing - What and Why ~ Focusing the Enterprise ~ Leadership - The Critical Factor ~ Rethinking the Basics ~ The Process of Change ~ Members in Control ~ Directing ~ Managing ~ Financing ~ Corporate Governance ~ Public Policy ~ Repositioning ~ Developing new Co-ops

**\$36 members,
\$40 others plus postage**

Call (03) 5345 7566 now to order

Interest in electric co-ops grows

INTEREST in electricity purchasing co-operatives is growing with Victoria and New South Wales initiating studies on the subject.

In Victoria, the Electric Co-operative Tasksforce, which is jointly sponsored by the Co-operative Federation of Victoria and Co-operative Energy Ltd, is conducting a scoping study over the next 2 months that will report on the following:

- Overseas precedents and lessons.
- Australian initiatives.
- Co-operative models.
- Business options.
- Phasing in issues.
- Entry and exist costs.
- Co-operative support for the idea.
- Terms of reference for feasibility

study. The scoping study will include site visits and meetings with co-operatives represented on the Tasksforce and selected members of the Federation. The study will be submitted to the Tasksforce for endorsement and subsequently submitted to co-operatives to invite their support for a second phase feasibility study.

In New South Wales, the Department of Fair Trading's Co-operative Policy Branch has commissioned a report on Consumer Energy Co-operatives.

It is hoped that a feasibility study on energy co-operatives involving a large NSW regional co-operative, a credit union and an electricity retailer will commence early in the new year.

Members of the Federation that are interested in being interviewed for the scoping study should contact Tony

The sixth edition of National Co-op Update which has just been published is packed with news from across the nation and around the world:

- Round up of major speakers and events at the 1996 Key Issues Conference.
- The latest developments in co-operative legislation.
- The fight to keep existing tax arrangements for co-operatives.
- Co-operative News from Victoria, Queensland, Western Australia, Northern Territory & New South Wales.
- International developments in 'Co-operation'.

Become part of the national co-operative network. Subscribe NOW at a special

In brief

New members

The Board of Directors welcomes the following new members of the Federation:

Architeam Co-operative

Geelong Radio Cabs Co-operative

Hopetoun Community Hotel Co-operative

Muslim Community Co-operative (Australia)

Victorian Venison Producers' Co-operative

Appointment of solicitor

Corrs Chambers Westgarth has been appointed by the Board to act as the Federation's solicitor.

CCW is a national firm of solicitors who assisted the Office of Fair Trading and the Federation in the drafting of the new Co-operatives Act.

Queries on corporate status

A number of member co-operatives have had problems with some utilities, government agencies and banks not recognising co-operatives as incorporated bodies. Two options available to co-operatives to deal with the problem are:

1. take a copy of the co-operative's certificate of incorporation to the organisation concerned.
2. contact the Federation, who will approach the organisation on the co-operative's behalf.

In any event, the Federation would like to hear of these problems, as the matter may require representations to head offices or to

Your Federation at Work

Overseas delegations

In November, the Federation hosted co-operative delegations from Iran and the Slovak Republic.

The Department of Foreign Affairs and Trade invited the Federation to inform the Iranian Minister for Co-operatives on co-operative activity in Victoria. The Federation organised a panel of speakers from Murray Goulburn Co-operative Co, the United Dairy Farmers of Victoria, Piccol Credit Union, CreditCare, Common Equity Housing Ltd and the Rural Finance Corporation to brief the Minister and the Iranian Ambassador.

Over 8.5 million Iranians belong to some 24,000 co-operatives that are active in most sectors of the Iranian economy, including housing, finance, agriculture, transport and industry.

The Federation and Murray Goulburn Co-operative Co also briefed a delegation from the Slovak Union of Consumer Co-operatives.

Slovak consumer co-operatives own 2,902 retail stores, 71 catering

businesses and 26 production units.

Review of tax laws

The Federation will be asking the Co-operatives Council of Australia to prepare for a future review of federal tax laws following the unexpected decision of the Federal Government to repeal of section 120(1)(c) of the *Income Tax Assessment Act* and recent media reports of business groups calling for a review.

Legislation

Following the release of the draft Co-operatives bill in September, the Federation organised 6 information sessions around Victoria for co-operatives. Following the sessions, a submission highlighting remaining concerns was sent to the Office of Fair Trading.

Because the bill will form the basis of other state and territory legislation, the Federation sought comments from other state federations. The Federation also lobbied various state registrars of co-operatives on contentious aspects of the draft bill.

The Federation anticipates the bill

Seasons Greetings

The Board of the Co-operative Federation of Victoria extends it's best wishes to members and other co-operatives for a prosperous 1997.

Do you find it hard to make the time to do the Co-op's books?

Are your financial reports to your Board inadequate or HARD to understand?

it is time that you contacted

Community Enterprise Network
Co-operative Ltd

for all your accounting and planning needs.

Telephone: (03) 9372 1897

Before your current insurances fall due, talk to

Bruce Wickett of Wickett Insurance Broking

the Federation's approved insurance broker

Catering for all your insurance needs at competitive prices

Specialising in:

- **Directors and officers liability insurance**
- **Fidelity guarantee insurance**
- **Public liability insurance**
- **Business and domestic insurances**

NOTICE

New telephone and fax numbers for the Co-operative Federation of Victoria are:

Telephone: (03) 5345 7466

Fax: (03) 5348 3253